

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 NEA-10 EB-11 SCEM-02 SCI-06 SPC-03

AID-20 NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08

OMB-01 CEA-02 CIAE-00 DODE-00 INR-10 NSAE-00 PA-04

USIA-15 PRS-01 DRC-01 AF-10 L-03 H-03 COME-00 FRB-02

XMB-07 OPIC-12 LAB-06 SIL-01 INT-08 /205 W

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R 261855Z NOV 73

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 9228

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

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E.O. 11652: N/A

TAGS: ENRG, BE

SUBJECT: PETROLEUM SUPPLY DEVELOPMENTS IN BELGIUM

1. SUMMARY: GOB HAS SO FAR REACTED TO PETROLEUM SUPPLY CONCERNS BY IMPOSING SERIES OF RELATIVELY MINOR UTILIZATION CONTROLS AND HAS REASSURED POPULATION THAT GOVERNMENT ON TOP OF SITUATION. FIRST SERIOUS SHORTFALLS IN DELIVERY THROUGH ROTTERDAM-ANTWERP PIPELINE APPEARED DURING WEEK NOVEMBER 19-23 (ABOUT 20 PERCENT). SAUDI ARABIAN AND ALGERIAN MINISTERS OF PETROLEUM EXPECTED IN BRUSSELS NOVEMBER 28/29. END SUMMARY.

2. ACCORDING TO LOCAL PETROLEUM COMPANIES, FIRST SERIOUS SHORTFALL IN CRUDE PETROLEUM FLOW THROUGH ROTTERDAM-ANTWERP PIPELINE APPEARED DURING WEEK NOVEMBER 19-23. SHORTFALL ESTIMATE AT UP TO LIMITED OFFICIAL USE

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20 PERCENT OF NORMAL FLOW. STOCKS ON HAND IN COUNTRY SHOULD,

THEREFORE, BEGIN TO DIMINISH. UP TO PRESENT, MORE IMPORTANT PROBLEM HAS BEEN SHARP DECLINE IN AMOUNT OF FINISHED PRODUCT IMPORTS AS RESULT GOB REFUSAL ALLOWANCE INCREASE IN LOCAL RETAIL PRICES. (IN RECENT YEARS BELGIUM HAS IMPORTED SIGNIFICANT AMOUNT OF REFINED PRODUCT AT SAME TIME IT WAS EXPORTING; E.G., IN 1971, BELGIUM IMPORTED 30.5 MILLION TONS CRUDE, 7.1 MILLION TONS REFINED PRODUCTS; WHILE EXPORTING 12.6 MILLION TONS OF REFINED PRODUCT AND CONSUMING 22.9 MILLION TONS OF SAME.)

3. ACCORDING TO NEWSPAPER AND INDUSTRY SOURCES, SAUDI ARABIAN AND ALGERIAN MINISTERS OF PETROLEUM EXPECTED IN BRUSSELS NOVEMBER 28 OR 29.

4. GOVERNMENT HAS ADDED TO PREVIOUS MEASURES TO CONTROL UTILIZATION OF FUEL SUPPLIES (LEGAL AUTHORITY OVER PETROLEUM INDUSTRY, BAN ON SUNDAY DRIVING, CURTAILMENT OF SCHOOL HOURS AND MAXIMUM TEMPERATURE LEVELS IN GOVERNMENT BUILDINGS, AND SUPPLY LIMITS TO RETAILERS AND CONSUMERS) WITH NEW MEASURE EXPANDING CONTROL OVER SUPPLIES TO USERS. GOVERNMENT DECREE DATED NOVEMBER 21 CREATES FOUR CATEGORIES OF "INDUSTRIAL" USERS OF GAS OIL AND LIGHT FUEL OIL: THOSE RECEIVING 100 PERCENT OF LAST YEAR'S SUPPLIES (HOSPITAL, PHARMACEUTICAL FACTORIES, OLD PEOPLE'S HOMES, BAKERIES AND OTHER FOOD PRODUCING INSTITUTIONS, ETC.); THOSE RECEIVING 95 PERCENT (SCHOOLS, RIVER TRANSPORT, ELECTRIC POWER STATIONS, SPECIFIED INDUSTRIES, ETC.); THOSE RECEIVING 90 PERCENT (INDUSTRIAL FIRMS NOT COVERED IN FIRST TWO CATEGORIES); AND THOSE RECEIVING 80 PERCENT (PRIMARILY INDUSTRIES WHERE FUEL OIL USED SOLELY TO HEAT BUILDINGS).

5. SEVERAL BELGIAN NEWSPAPERS (NOTABLY BRUSSELS DAILY LIBRE BELGIQUE) RAN STORIES OVER PAST WEEKEND (NOVEMBER 23-26) ABOUT EMERGENCE OF LOCAL BLACK MARKET FOR FUEL OILS AND INTERNATIONAL BLACK MARKET FOR CRUDE. FORMER IS DEVELOPING ON SMALL SCALE AND UNIMPORTANT SO FAR. LATTER WAS REFERENCE TO STORIES THAT DEALERS HAVE APPEARED IN BELGIUM OFFERING MAJOR COMPANIES AND BOG LARGE AMOUNTS OF CRUDE PETROLEUM AT INFLATED PRICES (E.G. \$12 PER BARREL). MAJOR COMPANIES DENY THEY ARE INVOLVED AND CLAIM THEY WOULD REGRET ANY SUCH OFFERS EVEN IF THEY APPEARED. MINISTER OF FINANCE WAS APPROACHED BY INDIVIDUAL CLAIMING TO BE FROM MIDDLE EAST AND LIMITED OFFICIAL USE

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REPRESENTING INTERESTS ABLE TO DELIVER ALMOST IMMEDIATELY ABOUT TWO MILLION TONS OF CRUDE. STORY REPORTED IN PRESS AND CONFIRMED TO EMBOFF BY MINISTER OF FINANCE'S CHEF DE CABINET. ACCORDING TO THIS SOURCE, OFFER WAS PASSED TO MINISTER VIA A WOMAN WORKING IN HIS OFFICE WHO HAD BEEN CONTACTED BY PUTATIVE BROKER. OFFER NOT TREATED SERIOUSLY BY GOB BUT IS INDICATIVE OF RUMORS AND "HOT NEWS" BEGINNING TO BECOME COMMON.

6. AS REPORTED PREVIOUSLY (BRUSSELS 6227) LOCAL SOVIET OWNED PETROLEUM MARKETEER NAPHA-B APPARENTLY CEASED ALL IMPORTS OF REFINED PRODUCTS IN MID-OCTOBER. NAPHA-B WAS REPORTEDLY HOLDING STOCKS EQUIVALENT TO "TEN TIMES" OBLIGATORY REQUIREMENTS UNDER BELGIAN LAW. GOVERNMENT IMPOSED CONTROL OVER LOCAL INDUSTRY IN EARLY NOVEMBER AND IS INSISTING THAT DEALERS SELL AS CUSTOMERS APPEAR. SOVIET MANAGEMENT OF NAPHA-B ARE REPORTEDLY IRRITATED BUT ARE COMPLYING (SEE STATE 229536).

7. IN RESPONSE TO CONTINUING CRITICISM FROM SEGMENTS OF LOCAL PRESS, TRADE UNIONS, AND INDEPENDENT DEALERS, BELGIAN PETROLEUM FEDERATION WAS ATTEMPTING TO EXPLAIN LIMITATIONS ON LOCAL INDUSTRY STEMMING FROM INTEGRATION IN NORTHERN EUROPEAN MARKET PLUS ESSENTIALLY POLITICAL NATURE OF CURRENT SUPPLY PROBLEM. BOOCHEVER

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